

Service Date: August 22, 2017

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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| IN THE MATTER OF NorthWestern |) | REGULATORY DIVISION |
| Energy's December 2015 Electricity Supply |) | |
| Resource Procurement Plan |) | DOCKET NO. N2015.11.91 |

NOTICE OF COMMISSION ACTION
NOTICE OF RECEIPT OF STATUS REPORT AND OPPORTUNITY TO COMMENT

On March 31, 2016, NorthWestern Corporation doing business as NorthWestern Energy (“NWE” or “NorthWestern”) filed its 2015 Electricity Supply Resource Procurement Plan (“2015 Plan”) with the Montana Public Service Commission (“PSC” or “Commission”) pursuant to Mont. Code Ann. §§ 69-8-419 to -420 and Mont. Admin. R. 38.8201-8229. *See* Notice of Commission Action (Dec. 9, 2015) (waiving deadline and granting NorthWestern’s Motion for Extension). The PSC scheduled a public meeting on June 9, 2016, to lay foundation for the PSC, Montana Consumer Counsel, and stakeholders to review and comment on NorthWestern’s 2015 Plan. *See* Notice of Commission Action (April 21, 2016). The PSC established August 19, 2016 as the deadline for interested persons to submit written comment on NWE’s 2015 Plan. *Id.*

On February 2, 2017, the PSC issued Comments in Response to NorthWestern Energy’s 2015 Plan identifying concerns regarding the 2015 Plan’s compliance with PSC rules and providing ways to remedy the concerns. Mont. Pub. Serv. Comm’n Comments (Feb. 2, 2017); Mont. Code Ann. § 69-8-420(2)(i). Among other things, the PSC’s comments found the “economically optimal portfolio” identified in the 2015 Plan questionable, and stated “[r]ather than proceeding immediately to acquire new resources, NorthWestern should pursue a rigorous stakeholder process to validate the conclusions in the 2015 Plan.” Mont. Pub. Serv. Comm’n Comments ¶¶ 18–19. The PSC directed NWE to provide written status reports every six months and indicated that it may notice receipt of the reports and invite public comment on their contents. *Id.*

On August 1, 2017, NWE provided its first status report. At a noticed work session on August 15, 2017, the PSC decided to notice receipt of the status report and invite public comments on its contents. The PSC seeks input from participants in NWE's Electric Technical Advisory Committee (ETAC) on the following questions:

1. The Commission directed NWE to pursue a rigorous stakeholder process to validate the conclusions in the 2015 plan. *Id.* Has NWE pursued a rigorous stakeholder process designed to validate the conclusions of the 2015 Plan?
2. Is NWE making effective use of the additional time the PSC provided to develop the next resource plan?
3. Is NWE devoting adequate resources to the planning process?
4. Is NWE engaging stakeholders on appropriate resource planning subjects in a manner that allows stakeholders to provide meaningful input?
5. The Commission criticized the 2015 plan for failing to determine the amount of base capacity its current resource portfolio provides. *Id.* ¶ 23. Is NWE taking adequate steps to determine the base capacity its current resource portfolio provides and what type of incremental capacity is needed to achieve an acceptable level of resource adequacy?
6. The Commission criticized the 2015 plan for failing to measure NWE's resource adequacy relative to the region's or interconnection's peak demand. *Id.* ¶ 24. Is NWE analyzing what an acceptable level of resource adequacy is for its own system in relation to demand in the region or interconnection?
7. The Commission criticized the 2015 plan for its inadequate evaluation of alternative resources. *Id.* ¶ 28-30. Is NWE adequately analyzing the alternative resources identified in the Commission's comments, including resource costs, capacity contribution, and integration requirements?
8. As of July, 2016, NWE operates under NERC's Reliability Based Control (RBC) balance control performance metric. *Id.* ¶ 31. Is NWE analyzing the capability of its system to meet RBC standards and what additional resources or products may be needed to meet the standards?
9. The Commission identified NWE's load forecast as a significant source of uncertainty and criticized NWE for failing to adequately analyze the impact distributed generation resources could have on its load serving obligation. *Id.* Is NWE adequately analyzing the load forecast(s) it will use in its upcoming resource procurement plan?
10. Is NWE evaluating methods for forecasting wholesale market prices in the planning process, including potential impacts of carbon costs on those prices?

11. The Commission criticized NWE's previous plan for failing to document how NWE will use an open, fair, and competitive process to acquire any new resources. *Id.* ¶ 37. Is NWE evaluating ways to ensure resource acquisitions are acquired through an open, fair, and competitive resource procurement process?
12. Are there subject areas that NWE has not addressed, and does not plan to address, that should be addressed?
13. At this stage of the planning process, how confident are you that NWE's next resource plan will comply with PSC resource planning requirements and provide NWE a sound foundation on which to make resource procurement decisions?

The Commission also invites the general public, *i.e.* non-ETAC participants, to comment on any of the above questions. In addition, the Commission invites comment from the general public on the following questions:

1. Is it important to you that NorthWestern conduct a transparent and rigorous electricity supply resource planning process?
2. How should NorthWestern ensure that its planning process is transparent and rigorous?
3. What comprises a transparent and rigorous planning process?
4. What considerations regarding future electricity supply resources do you believe NorthWestern should include in the planning process?
5. What would you like to see from the planning process that NorthWestern is not doing?

NWE's status report is available for inspection at the PSC's offices, 1701 Prospect Avenue, P.O. Box 202601, Helena, MT 59620-2601, or may be downloaded from the PSC's website <http://psc.mt.gov>, under Docket N2015.11.91. Information regarding NWE's stakeholder process, including ETAC agendas and meeting materials is available on NWE's website <http://www.northwesternenergy.com/our-company/regulatory-environment/etac>.

The PSC will accept written comments, with a deadline of **September 18, 2017**, either by mail or delivery to the PSC at 1701 Prospect Avenue, Helena, MT, 59620, or by email to psc_utilitycomment@mt.gov.

Done and dated this 15th day of August, 2017, by a vote of 5 to 0.

BY THE MONTANA PUBLIC SERVICE COMMISSION

BRAD JOHNSON, Chairman
TRAVIS KAVULLA, Vice Chairman
ROGER KOOPMAN, Commissioner
BOB LAKE, Commissioner
TONY O'DONNELL, Commissioner